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In the Supreme Court of the United States

October Term, 1985

MORGAN ADHESIVES COMPANY,
Petitioner,

vs.

CHEMTROL ADHESIVES, INC.,
Respondent.

ON CERTIORARI TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED FOR REVIEW

Petitioner Morgan Adhesives Company ("Morgan") requests review and reversal of a decision which is in conflict with the decisions of this Court that a patent, once granted, may be invalidated only by a Court properly exercising jurisdiction in a case or controversy in which the validity of the patent is in issue. The questions presented for review are:

1. Is a patentholder denied due process of law when he requests a stay in a patent infringement proceeding in United States District Court in order to seek an advisory opinion on certain prior art from the Patent and Trademark Office pursuant to 37 C.F.R. §1.175(a)(4), appeals the advisory opinion to the Court of Customs and Patent Appeals, and is subsequently held by the Court conducting the infringement suit, as affirmed by the Court of Appeals for the Federal Circuit, to be precluded from asserting the validity of the patent in the infringement proceeding?

2. Does the Patent and Trademark Office or a reviewing appellate court have the power to invalidate a patent in a proceeding for an advisory opinion pursuant to 37 C.F.R. §1.175(a)(3)?

3. When appellate court review is part of the regulatory scheme available to patent reissue applicants, does a patentholder surrender all property rights in the patent by invoking that review?

TABLE OF CONTENTS

QUESTIONS PRESENTED FOR REVIEW 1
OPINIONS 1
RULE 28.1 DISCLOSURE 2
JURISDICTION 2
PERTINENT CONSTITUTIONAL PROVISIONS, STATUTES AND REGULATIONS 3
STATEMENT OF THE CASE 6
ARGUMENT—
I. IT IS A DENIAL OF DUE PROCESS OF LAW TO DEPRIVE AN INVENTOR OF A VALUABLE PATENT WHERE THERE HAS BEEN NO VOLUNTARY SURRENDER OF THAT PATENT AND NO COURT HAS DETERMINED THE VALIDITY OF THE PATENT 9
A. Patents Are Property Rights Protected by Due Process of Law 9
B. The PTO Does Not, and Cannot, Invalidate Patents in Reissue Proceedings 10
C. Review of a Reissue Proceeding by an Appellate Court Does Not Invalidate a Patent 11
D. The Reissue Proceedings in Our Case Were Purely Advisory 13
E. A Court Cannot Unilaterally "Convert" an Advisory Reissue Into a Regular Reissue and Thereby Invalidate a Valuable Property Right 16

F. A Court Rendering an Advisory Opinion Cannot Invalidate a Patent 17

G. Morgan Did Not Receive a Full and Fair Hearing on the Issue of Validity Because It Never Had the Opportunity to Argue Commercial Success of Its Patent 20

II. THIS COURT SHOULD GRANT CERTIORARI TO REVERSE A DECISION IN CONFLICT WITH ITS OWN PRIOR DECISIONS, AND TO REINSTATE MORGAN'S VALUABLE PROPERTY RIGHTS IN ITS PATENT 22

CONCLUSION 24

APPENDIX:

Opinion of the United States Court of Appeals for the Federal Circuit (February 7, 1985) A1

Affirmance of the Patent Examiner Decision by the Board of Appeals for the United States Patent and Trademark Office (October 30, 1980) A4

Decision of the United States Court of Customs and Patent Appeals Affirming Decision of the United States Patent and Trademark Office Board of Appeals (July 9, 1981) A12

Memorandum of Opinion of District Court Granting Defendant's Motion for Summary Judgment (May 20, 1983) A15

Judgment Entry of the Court of Appeals for the Federal Circuit (February 7, 1985) A35

Order of the Court of Appeals for the Federal Circuit Denying Petition for Rehearing (March 8, 1985) A36

Manual of Patent Examining Procedure, Section 1414.02 ..... A37

Motion of Plaintiff Morgan Adhesives Company to Stay Proceedings filed in the District Court (September 20, 1977) A41

Burton D. Morgan's Response to Patent Office Action, Including Amendment to Reissue Application, in Pertinent Part (January 9, 1979) A44

Morgan's Amendments to Reissue Application (October 11, 1979) A47

Appellant's Petition for Rehearing—Supplemental Submission in the Court of Appeals for the Federal Circuit (March 8, 1985) A50

SUPPLEMENTAL APPENDIX (Under Separate Cover):

Morgan Patent 3,900,645 ..... A53

Reissue Application of Burton D. Morgan, Including Declaration of Burton D. Morgan (September 19, 1977) A57

Patent Examiner's Rejection of Morgan's Reissue Application (October 11, 1978) A77

Patent Examiner's Rejection of Morgan's Amendatory Matter (March 2, 1979) A83

Patent Examiner's Rejection of Morgan's Supplemental Response (July 9, 1979) A86

Patent Examiner's Rejection of Amended Reissue Application (November 16, 1979) A91

TABLE OF AUTHORITIES

Cases

Allen v. Culp, 166 U.S. 501 (1897) 10
Arenas v. United States, 197 F.2d 418 (9th Cir. 1952) 19
Bally Manufacturing Corp. v. Diamond, 629 F.2d 955 (4th Cir. 1980) 13, 14-15
Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation, 402 U.S. 313 (1971) 20, 23
Chicot County Drainage District v. Baxter State Bank, 308 U.S. 371 (1940) 8, 18
Hartford-Empire Co. v. United States, 323 U.S. 386 (1944) 9
In Re Bose, 687 F.2d 432 (C.C.P.A. 1982) 15
In Re Craig, 411 F.2d 1333 (C.C.P.A. 1969) 22
In Re Dien, 680 F.2d 151 (C.C.P.A. 1982) 15, 18, 19
In Re Herr, 377 F.2d 610 (C.C.P.A. 1967) 12, 16
In Re Russell, 439 F.2d 1228 (C.C.P.A. 1971) 22
Johnson & Johnson, Inc. v. Wallace A. Erickson & Co., 627 F.2d 57 (7th Cir. 1980) 9, 14
McCormick Machine Co. v. Aultman, 169 U.S. 606 (1897) 9, 11
National Business Systems v. AM International, Inc., 743 F.2d 1227 (7th Cir. 1984), *cert. denied*, 53 U.S.L.W. 3808 (1985) 22, 23
Noble v. Union River Logging Railroad, 147 U.S. 165 (1893) 19
Simmons Fastener Corp. v. Illinois Tool Works, Inc., 739 F.2d 1573 (C.A.F.C. 1984), *cert. denied*, 53 U.S.L.W. 3776 (1985) 21

Stoll v. Gottlieb, 305 U.S. 165 (1938) 19
Stratoflex, Inc. v. Aeroquip Corp., 713 F.2d 1530 (C.A.F.C. 1983) 21
United States v. U.S. Fidelity Corp., 309 U.S. 506 (1940) 18
U.S. Chemical Co. v. Carbide Corp., 315 U.S. 668 (1942) 10

Constitution

U.S. Const., Amend. V 3, 9

Statutes

35 U.S.C. §141 ..... 3, 7, 11
35 U.S.C. §251 ..... 4, 10, 14

Regulations

37 C.F.R. §1.175(a)(1), (2), and (3) 5, 8, 10, 17
37 C.F.R. §1.175(a)(4) 5, 7, 10, 13, 14, 17
37 C.F.R. §1.178 ..... 6, 10, 11
42 Fed. Reg. 5588-94 (January 28, 1977) 13, 14, 20
47 Fed. Reg. 21,748 (May 19, 1982) 5, 14

Articles and Treatises

CHAFEE, SOME PROBLEMS OF EQUITY (Ann Arbor, Mich. 1950) 18
WRIGHT, MILLER & COOPER, 13 FEDERAL PRACTICE AND PROCEDURE, §3632 18

Miscellaneous

Manual of Patent Examining Procedure, §1414.02 ..... 6, 16, 17

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OPINIONS

Reference to official and unofficial reports of opinions delivered by the Patent and Trademark Office, Court of Customs and Patent Appeals, Federal District Court for the Northern District of Ohio, Eastern Division, and Court of Appeals for the Federal Circuit are as follows:

1. Patent Examiner's Rejection of Morgan's Reissue Application (October 11, 1978). App., p. A77.
2. Patent Examiner's Rejection of Morgan's Amendatory Matter (March 2, 1979). App., p. A83.
3. Patent Examiner's Rejection of Morgan's Supplemental Response (July 9, 1979). App., p. A86.
4. Patent Office Examiner's Rejection of Amended Reissue Application (November 16, 1979). App., p. A91.

5. Affirmance of the Patent Examiner's Decision by the Board of Appeals for the United States Patent and Trademark Office (October 30, 1980). App., p. A4.

6. Decision of United States Court of Customs and Patent Appeals Affirming Decision of the United States Patent and Trademark Office Board of Appeals (July 9, 1981). App., p. A12.

7. Memorandum of Opinion of Federal District Court for the Northern District of Ohio, Eastern Division, Granting Defendant's Motion for Summary Judgment (May 20, 1983). App., p. A15.

8. Affirmance of the District Court Decision by the United States Court of Appeals for the Federal Circuit (February 7, 1985). App., p. A1.

RULE 28.1 DISCLOSURE

Pursuant to Rule 28.1. Supreme Court Rules, and as previously stated in a letter to this Court dated June 14, 1985, 86.8% of the stock of Petitioner Morgan Adhesives Company is owned by Bemis Company, Inc. This represents full disclosure as required by Rule 28.1.

JURISDICTION

Petitioner seeks review of a decision of the United States Court of Appeals for the Federal Circuit dated February 7, 1985, and entered that same date. App., p. A35. Petitioner's Petition for Rehearing was denied March 8, 1985. App., p. A36. On May 30, 1985, this Court granted Petitioner's request for an extension of time in which to file this Petition until July 6, 1985. Jurisdiction is based upon 28 U.S.C. §1254(1).

PERTINENT CONSTITUTIONAL PROVISIONS, STATUTES AND REGULATIONS

This case involves the following constitutional provisions, statutes, and regulations.

1. Fifth Amendment, United States Constitution:

> No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offence to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

2. 35 U.S.C. §141:

> An applicant dissatisfied with the decision of the Board of Appeals may appeal to the United States Court of Appeals for the Federal Circuit, thereby waiving his right to proceed under section 145 of this title. A party to an interference dissatisfied with the decision of the board of patent interferences on the question of priority may appeal to the United States Court of Appeals for the Federal Circuit, but such appeal shall be dismissed if any adverse party to such interference, within twenty days after the appellant has filed notice of appeal according to section 142 of this title, files notice with the Commissioner that he elects to have all further proceedings conducted as provided in section 146 of this title. Thereupon the appellant shall

have thirty days thereafter within which to file a civil action under section 146, in default of which the decision appealed from shall govern the further proceedings in the case.

3. 35 U.S.C. §251:

Whenever any patent is, through error without any deceptive intention, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Commission shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. No new matter shall be introduced into the application for reissue.

The Commissioner may issue several reissued patents for distinct and separate parts of the thing patented, demand of the applicant, and upon payment of the required fee for a reissue for each of such reissued patents.

The provisions of this title relating to applications for patent shall be applicable to applications for reissue of a patent, except that application for reissue may be made and sworn to by the assignee of the entire interest if the application does not seek to enlarge the scope of the claims of the original patent.

No reissued patent shall be granted enlarging the scope of the claims of the original patent unless applied for within two years from the grant of the original patent.

4. 37 C.F.R. §1.175(a)(1), (2), and (3):

§1.175 Reissue oath or declaration.

(a) Applicants for reissue, in addition to complying with the requirements of § 1.63, must also file with their applications a statement under oath or declaration as follows:

(1) When the applicant verily believes the original patent to be wholly or partly inoperative or invalid, stating such belief and the reasons why.

(2) When it is claimed that such patent is so inoperative or invalid "by reason of a defective specification or drawing," particularly specifying such defects.

(3) When it is claimed that such patent is inoperative or invalid "by reason of the patentee claiming more or less than he had the right to claim in the patent," distinctly specifying the excess or insufficiency in the claims.

5. 37 C.F.R. §1.175(a)(4) (42 Fed. Reg. 5594 (January 28, 1977)), repealed, 47 Fed. Reg. 21,748 (May 19, 1982), providing that a reissue application may be filed:

When the applicant is aware of prior art or other information relevant to patentability, not previously considered by the Office which might cause the examiner to deem the original patent wholly or partly inoperative or invalid, particularly specifying such prior art or other information and requesting that if the examiner so deems, the applicant be permitted to amend the patent and be granted a reissue patent.

6. 37 C.F.R. §1.178:

§1.178 Original patent.

The application for a reissue must be accompanied by an offer to surrender the original patent. The application should also be accompanied by the original patent, or if the original is lost or inaccessible, by an affidavit or declaration to that effect. The application may be accepted for examination in the absence of the original patent or the affidavit or declaration, but one or the other must be supplied before the case is allowed. If a reissue be refused, the original patent will be returned to applicant upon his request.

7. Manual of Patent Examining Procedure, Section 1414.02, App., p, A37.

STATEMENT OF THE CASE

The prematurely invalidated Morgan patent in suit, U.S. No. 3,900,645, was issued on August 19, 1975. The patent covers laminated, pressure-sensitive paper stock used in the production of labels, stickers, tapes and similar items. The patent called for the use of score lines to embrittle, but not cut, the paper stock used as a backing for these labels, thereby facilitating the use of the label. If given its day in Court, Morgan will show that its patented product, sold under the name of "MACbak," and "Starliner," has enjoyed considerable commercial success over the past ten years; so much so, that Morgan's invention is currently being used by all of its major competitors.

On or about February 2, 1976, Morgan filed an infringement action against Chemtrol, which produced similar labels under the name "Chembak." The thrust of Chemtrol's defense was that the Morgan patent was invalid.

Specifically, Chemtrol claimed that some five examples of prior art had not been disclosed to the Patent and Trademark Office ("PTO") at the time the Morgan patent was issued and, if then disclosed, would have prevented issue of the patent.

Morgan moved for a stay of the infringement action to permit it to initiate proceedings before the PTO for an advisory opinion on the effect of the prior art on the Morgan patent, pursuant to 37 C.F.R. §1.175(a)(4). App., p. A41. Under this relatively new procedure, made available for the first time in early 1977, Morgan could obtain consideration of the prior art without surrending its patent to the patent office and without making any changes or amendments to the claims of the patent. Chemtrol was permitted to participate in the proceedings.

The PTO refused to grant Morgan's petition for reissue—i.e., to reflect on the record that the patent had been issued with consideration of the prior art—on the ground that a single example of prior art, the "Karn patent," made the Morgan patent obvious. App., p. A41. The PTO's Board of Appeals affirmed. App., p. A4. The decision was appealed to the United States Court of Custom and Patent Appeals ("CCPA"), as permitted under 35 U.S.C. §141, and that Court affirmed the examiner in a split decision. App., p. A12.

Following the ruling of the CCPA, Chemtrol moved for summary judgment in Morgan's District Court infringement action on its counterclaim of invalidity. Chemtrol claimed that the PTO's actions, as affirmed by the CCPA, collaterally estopped Morgan from arguing the validity of its patent before the District Court.

The District Court granted Chemtrol's Motion for Summary Judgment on alternative grounds: (1) that

Morgan had converted the advisory reissue proceeding into a "regular" reissue proceeding (37 C.F.R. §1.175 (a)(1), (2), and (3)) by making certain amendments to its specification in response to the PTO's "rejection."[1] The District Court held that as a regular reissue, the action was no longer advisory, and the finding that the Morgan invention was obvious in light of Karn was controlling on the issue of validity in the District Court action; or, (2) even if the reissue proceeding was advisory, Morgan was essentially attempting to collaterally attack the jurisdiction of the CCPA to review that advisory opinion and was not allowed to do so under the doctrine enunciated in *Chicot County Drainage District v. Baxter State Bank*, 308 U.S. 371 (1940). App., pp. A15 et seq.

Morgan appealed and the U.S. Court of Appeals for the Federal Circuit ("CAFC") affirmed on the sole ground that Morgan's amendment to its specification had converted the no-defect, advisory reissue proceeding into a regular reissue. Therefore, the CAFC held, a case or controversy was decided which estopped Morgan from asserting the validity of its patent in the District Court infringment suit.

In sum, Morgan was denied its valuable patent without a trial on the validity of the patent as it exists today—ten years after its issue and after ten years of commercial success.

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1. The specification changes actually were made in response to an "objection," not a "rejection." App., p. A78. The holding further conflicts with the Board of Appeals' decision that the reissue is filed on the basis of prior art and the claims are "substantially the same." App., pp. A4-5.

ARGUMENT

I. IT IS A DENIAL OF DUE PROCESS OF LAW TO DEPRIVE AN INVENTOR OF A VALUABLE PATENT WHERE THERE HAS BEEN NO VOLUNTARY SURRENDER OF THAT PATENT AND NO COURT HAS DETERMINED THE VALIDITY OF THE PATENT.

A. Patents Are Property Rights Protected by Due Process of Law.

This Court has long recognized an inventor's property right in a patent. As stated in *Hartford-Empire Co. v. United States*, 323 U.S. 386 (1944):

> That a patent is property, protected against appropriation both by individuals and by government, has long been settled. [footnote omitted]

323 U.S. at 415.

As property, patents can be taken away through invalidation only after the patentholder has been accorded due process of law. Fifth Amendment, United States Constitution; *Johnson & Johnson, Inc. v. Wallace A. Erickson & Co.*, 627 F.2d 57, 59 (7th Cir. 1980). Although the PTO has the power to grant a patent, only the courts of the United States have the power to invalidate a patent. As stated in *McCormick Machine Co. v. Aultman*, 169 U.S. 606 (1897) (hereinafter "*McCormick*"):

> The only authority competent to set a patent aside, or to annul it, or to correct it for any reason whatever, is vested in the Courts of the United States, and not in the department which issued the patent.

169 U.S. at 609.

B. The PTO Does Not, and Cannot, Invalidate Patents in Reissue Proceedings.

Federal statutes and regulations, as well as case law, clearly establish that patents are not, and cannot be, invalidated in reissue proceedings conducted by the PTO.

Under 35 U.S.C. §251, the PTO may, upon application of a patentholder, correct errors which render an original patent partly or wholly inoperative or invalid by reissuing the patent. Reissue proceedings do not determine a patent's validity and therefore do not impinge upon the patentholder's property rights in the original patent.

A patentholder seeking a "regular" reissue must submit a statement under oath to the PTO that the original patent is wholly or partly inoperative or invalid through some mistake or omission. 37 C.F.R. §1.175(a). The PTO will reissue the patent only if it finds that the reissue application does not broaden the claims of the original patent and finds a defect in the original patent caused by mistake or omission which is corrected in the reissued patent. *U.S. Chemical Co. v. Carbide Corp.*, 315 U.S. 668 (1942).

The patentholder has no duty to surrender the patent to the PTO until the reissue is granted. Prior to that time, an "offer" to surrender is sufficient. 37 C.F.R. §1.178. If the reissue is not granted, the original patent:

> . . . stands as if no application had ever been made for a reissue.

Allen v. Culp, 166 U.S. 501, 505 (1897). As that Court explained:

> If it were otherwise, every patentee who applies for a reissue would do so at the peril, not only of having his application refused, but of losing what he already possessed.

Id. If the reissue is refused, the patent is returned to the applicant upon request. 37 C.F.R. §1.178.

The *McCormick* case is the landmark decision of this Court on patent reissues. In that case, this Court unequivocally held that an examiner's rejection of certain patent claims during reissue proceedings had no effect on the validity of the patent:

> The object of a patentee applying for reissue is not to reopen the question of the validity of the original patent, but to rectify any error which may have been found to have arisen from his inadvertence or mistake. But until the amended patent shall have been issued, the original stands precisely as if a reissue had never been applied for (*Allen v. Culp,* 166 U.S. 501, 505), and must be returned to the owner upon demand.

169 U.S. at 610. To hold otherwise, the Court noted, would go beyond the patent powers granted in the Constitution:

> . . . to attempt to cancel a patent upon an application for reissue when the first patent is considered invalid by the examiner would be to deprive the applicant of his property without due process of law, and would be in fact an invasion of the judicial branch of the government by the executive.

169 U.S. at 612.

C. Review of a Reissue Proceeding by an Appellate Court Does Not Invalidate a Patent.

Since the PTO does not determine the validity of a patent in reissue proceedings, appellate court review of the PTO decision, available under 35 U.S.C. §141, does not invalidate the patent. The court review is limited to

the question of whether the rejection was correct and does not determine the validity of the patent:

> The Patent Office is not a 'Court,' and because it is not a Court it cannot render a 'judgment,' hence its decisions or other actions cannot give rise to 'res judicata' in the strict legal sense of that term.
>
> * * * * *
>
> The dissent herein suggests that there is some significance to the fact that appeals have been taken outside the Patent Office to 'a Federal appellate tribunal,' seeming to concede that below this level or prior to taking such an appeal a different situation may prevail. I am unable to see a significance in this distinction. If an applicant is entitled to the examination of a new application, as he certainly is under the statute, it seems to me he is entitled to the concomitant rights of review which go with it. It must be remembered that we have a limited jurisdiction. We never decide the *right to a patent.* All we decide is whether a particular *rejection* was right or wrong.

In Re Herr, 377 F.2d 610, 614, 618 (C.C.P.A. 1967), concurring opinion of Judge Rich. Judge Smith also concurs:

> The dissent . . . seems to consider that appellant created the problem by choosing to appeal the earlier board decision. The dissent also portrays, contrary to some undefined public policy, "endless litigation," . . . . The record does not establish or even intimate any wrongdoing on appellant's part. He is but pursuing the procedures afforded him by the patent statute.

377 F.2d at 626-27.

In our case, the lower courts acted contrary to the rulings of this Court by holding that Morgan's patent was invalidated in a reissue proceeding. The taking of Mor-

gan's patent rights is particularly egregious here, where the reissue procedure invoked was purely advisory and the patentholder at no time voluntarily surrendered any rights to the patent.

D. The Reissue Proceedings in Our Case Were Purely Advisory.

In 1977, the Patent Commissioner established, under Rule 37 C.F.R. §1.175(a)(4) (the "Dann Amendments"), a proceeding through which a patentee could obtain an advisory opinion from the PTO with respect to prior art which had not been brought to the attention of the Patent Office at the time of the original application. The advisory application might be filed:

> When the applicant is aware of prior art or other information relevant to patentability, not previously considered by the Office which might cause the examiner to deem the original patent wholly or partly inoperative or invalid, particularly specifying such prior art or other information and requesting that if the examiner so deems, the applicant be permitted to amend the patent and be granted a reissue patent. 42 Fed. Reg. 5594 (January 28, 1977).

No oath that the patent is partly or wholly inoperative or invalid is required. As summarized by Judge Phillips in *Bally Manufacturing Corp. v. Diamond*, 629 F.2d 955 (4th Cir. 1980):

> In January 1977, the Commissioner adopted a new regulation which permits a patentee to use the reissue process *to obtain an advisory opinion* as to the validity of his patent. Under 37 C.F.R. §1.175(a)(4) a patent owner may have new prior art considered by the PTO in a reissue proceeding without making any

> changes in his original claims or specification. The official commentary indicates that the new rule was intended to allow a patentee to file a reissue application *even if he believes his patent is valid over prior art not previously considered by the PTO.* 42 Fed. Reg. 5588 (1977). Since reissue applications can be granted only where the original patent is wholly or partly inoperative or invalid, 35 U.S.C. §251, filing a reissue application subjects the original patent to the patent examiner's determination of validity in light of the new prior art. A reissue rejection, whether based on the finding of the examiner that the original patent is entirely valid or on his finding that the reissue claims do not describe a patentable invention, *is purely advisory.*

629 F.2d at 957-58 (emphasis added). *See also, Johnson & Johnson, Inc., supra,* 627 F.2d at 59-60.

The advisory proceedings themselves proved to be unworkable and were abolished by the patent commissioner as of July 1, 1982:

> The patent examiners in the office are not trained as hearing examiners and have no substantial experience in handling inter-partes matters.
>
> * * * * *
>
> Under Paragraph (a)(4) the Office gave advisory opinions on patentability over additional prior art without any changes in the patent claims. The courts have generally refused to give preclusive effect to these advisory opinions.

47 Fed. Reg. 21,748 (May 19, 1982).

Federal Courts of Appeals also recognized that the advisory reissue proceeding was ill-conceived. *Bally Manu-*

facturing, supra, 629 F.2d at 960, n.7. In *In Re Dien,* 680 F.2d 151 (C.C.P.A. 1982) and *In Re Bose,* 687 F.2d 432 (C.C.P.A. 1982), the CCPA held that it had no jurisdiction to review the advisory opinions issued in no-defect proceedings. The Court in *In Re Dien* admitted its lack of power with candor:

> The fact that the PTO's alleged board "decision," which we are asked to review, is merely an advisory opinion is conclusive of our lack of jurisdiction. To review an advisory opinion would be to give one. We are a court established under Article III of the Constitution. [citation omitted] As such, our power is constitutionally limited to the decision of "cases" and "controversies." [citations omitted] An advisory opinion by the PTO does not fit in either of those categories and *we lack the power to review it.*

680 F.2d at 155 (emphasis added). The Court noted the PTO filed the motions to dismiss the appeals, revealing:

> . . . a most interesting turnabout by that agency which has resulted in confusion reminiscent of parts of the Mad Hatter's Tea Party in *Alice in Wonderland.*

680 F.2d at 153-54.

In our case, Morgan justifiably believed it was seeking a wholly advisory opinion which would "have no legal effect on anyone." *Bally Manufacturing, supra,* 629 F.2d at 960, n.7. It did not submit a statement under oath that its patent was wholly or partly inoperable or invalid due to mistake or error. In fact, Morgan believed—and believes—that its patent was and is perfectly valid. But in light of Chemtrol's allegations, Morgan sought an advisory reissue so that the patent record could disclose that the prior art alleged by Chemtrol to invalidate the patent had been considered in the original proceeding. The PTO

was not asked to, and did not, decide the validity of the patent. It merely issued an advisory opinion on the effect of the prior art on the patent claims.

Nor did the Patent Board of Appeals or the CCPA consider the validity of the patent. Rather, as in *In Re Herr, supra*, those entities merely decided whether the PTO correctly refused to reflect on the original patent record that certain prior art had been considered.

Judge Manos placed Morgan in Alice's Wonderland by holding that a proceeding which was purely advisory by frank admission of the PTO and the Courts nevertheless was a binding adjudication on the merits of the validity of the Morgan patent. In so doing, he deprived Morgan of a valuable property right without due process of law.

E. A Court Cannot Unilaterally "Convert" an Advisory Reissue Into a Regular Reissue and Thereby Invalidate a Valuable Property Right.

No reissue proceeding invalidates a patent. But in our case, two courts have held that it does. This is error because the reissue proceeding involved is not even a regular, defect reissue. Morgan sought only an advisory, no-defect reissue.

In order to circumvent the distinction between regular and advisory reissue, the CAFC based its decision in our case on the technicality that Morgan "converted" its no-defect, advisory reissue into a regular reissue by amending its specification. Even assuming that a regular reissue proceeding could invalidate a patent—which is not the law—any conversion which took place was performed by the Courts in this case, not by Morgan. According to the Court of Appeals and the Trial Court, the conversion took place pursuant to §1414.02 of the Manual of Patent Examining Procedure:

> If a reissue filed under subsection 1.175(a)(4) is amended, even though in response to a rejection, the reissue is thereby converted into an application under subsection 1.175(a)(1), and appropriate subsections 1.175(a)(2) and/or (a)(3), and a new reissue oath or declaration must be filed containing the appropriate averments.

App., p. A37.

The only amendment made to the Morgan patent was in response to an objection, not a rejection, and involved a specification, not a claim. Morgan amended its claims to conform with the original claims (App., p. A48); and the PTO's Board of Appeals recognized that the claims were the same. App., p. A4. App., p. A78. Therefore the Section does not apply at all.

At most, Section 1414.02 stipulates that an amendment to a reissue filed under subsection 1.175(a)(4) prevents a reissue under that section, and would not permit a reissue under subsection (a)(1), (a)(2), or (a)(3) unless a new reissue oath or declaration were filed containing the appropriate averments.

There is nothing in that Section to supply the missing oath of declaration and, without it, there could be no reissue, or adjudication of a right to reissue, in any event.

Section 1414.02 was misinterpreted by the courts below.

F. A Court Rendering an Advisory Opinion Cannot Invalidate a Patent.

The Trial Court based its opinion, in part, on the theory that Morgan no longer owned a patent on which to base its infringement suit since it had appealed the decision of the PTO to the CCPA. App., pp. A29-32. The premise for such a finding—that the CCPA had invalidated

the patent—is faulty. But even if this Court were to accept the argument that the CCPA *could* invalidate Morgan's patent, it did not do so in this case because no case or controversy was presented. Because a Federal Court of Appeals has no jurisdiction to give advisory opinions, the CCPA's decision cannot be binding on Morgan.

The CCPA recognized in 1982 that it had no power to review no-defect reissues because they were advisory opinions presenting no case or controversy:

> Belated though the awakening of the PTO may be—and perhaps ours as well . . . we lack the power to review [a no-defect reissue].

In Re Dien, 680 F.2d 151, 154-55 (C.C.P.A. 1982).

While not denying the CCPA's total absence of jurisdiction to review the reisssue, the Trial Court in our case held that the CCPA's decision was valid and binding because Morgan could not collaterally attack that Court's jurisdiction. App., pp. A26-29, *citing Chicot County Drainage District v. Baxter State Bank,* 308 U.S. 371 (1940). *Chicot* did not establish an absolute rule regarding collateral attacks on final judgment. As this Court held soon after *Chicot:*

> . . . no inflexible rule as to collateral objection and general to judgments was declared [in *Chicot*].

United States v. U.S. Fidelity Co., 309 U.S. 506, 514 (1940). *See also,* WRIGHT, MILLER & COOPER, 13 FEDERAL PRACTICE AND PROCEDURE, §3636; CHAFEE, SOME PROBLEMS OF EQUITY, (Ann Arbor, Mich. 1950) at pp. 319-20, n.42. In *Chicot,* the Court rendered a judgment based upon a statute properly before it. Eight years later, the judgment was attacked after the underlying statute was declared unconstitutional. However, the Court had acted properly in interpreting what was at that time a valid statute.

The case before this Court is completely different. Here, the CCPA reviewed an admittedly advisory opinion despite the constitutional limitation on that Court's jurisdiction to review only cases and controversies. Our case thus falls under the rule set forth in *Arenas v. United States,* 197 F.2d 418 (9th Cir. 1952), that subject matter jurisdiction may be attacked collaterally where the Court exercised jurisdiction "in the teeth" of precedent that no jurisdiction exists. In *Arenas,* the trial court refused to grant res judicata or collateral estoppel effect to a 1945 judgment by a Federal District Court, affirmed by the Ninth Circuit, that Arenas was sole heir to the lands in question. The Ninth Circuit affirmed on the grounds that jurisdiction to decide statutory heirship had been withdrawn from the District Court 35 years prior to its 1945 decision, and the decision was void and of no effect. The Court rejected the argument of the United States that although erroneous, the District Court's decision in 1945 that it had jurisdiction to decide the case was not void or subject to collateral attack. Citing this Court's decisions in *Noble v. Union River Logging Railroad,* 147 U.S. 165 (1893), and *Stoll v. Gottlieb,* 305 U.S. 165 (1938), the Court held:

> Determination of heirship in the former action was in the teeth of the provisions of the Act of June 25, 1910, and therefore the Court in the present action was at liberty to disregard it.

197 F.2d at 421.

In our case, the CCPA recognized "belatedly" in *In Re Dien, supra,* 680 F.2d at 153, that its review of advisory proceedings was in the teeth of its lack of jurisdiction to render advisory opinions. It did not have jurisdiction in 1982 to review advisory opinions and had never had such jurisdiction. Its advisory opinion can thus be col-

laterally attacked and properly declared to be void and of no effect.

G. Morgan Did Not Receive a Full and Fair Hearing on the Issue of Validity Because It Never Had the Opportunity to Argue Commercial Success of Its Patent.

Assuming a valid judgment from the CCPA that Morgan's patent would not have issued ten years ago had the PTO been aware of certain prior art, such a holding does not defeat Morgan's position that its patent today is valid and infringed.

The Trial Court held that Morgan was collaterally estopped from arguing that its patent was valid because it could not meet its burden of proof to show that the prior proceedings were "seriously defective" according to the standards of *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation,* 402 U.S. 313 (1971). App., p. A32. *Blonder-Tongue, supra,* is inapplicable because there this Court considered the question of whether a judgment of patent invalidity in one suit against an alleged infringer accrues to the benefit of any other against whom infringement of a patent is alleged. In our case, the validity of the patent was never a proper issue in an advisory, no-defect reissue proceeding limited to determining the effect of prior art on patent claims and providing an advisory opinion only.

The purpose of the no-defect reissue proceeding was to determine whether the PTO would allow the record to reflect that, *at the time of issuance,* additional prior art was considered by the PTO in granting the patent. *See,* 42 Fed. Reg. 5588 (January 28, 1977). When considering the validity of a patent, however, the commercial success of the patent between the time of the grant and the

challenge to its validity is relevant. *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530 (C.A.F.C. 1983); *Simmons Fastener Corp. v. Illinois Tool Works, Inc.*, 739 F.2d 1573 (C.A.F.C. 1984), *cert. denied*, 53 U.S.L.W. 3776 (1985). This commercial success was not considered, and would not have been relevant, to the no-defect proceeding. The proceedings, therefore, cannot bind Morgan on the issue of validity.

Commercial success is secondary evidence of nonobviousness. As recently noted by the CAFC:

> Indeed, evidence of secondary considerations may often be the most probative and cogent evidence in the record. It may often establish that an invention appearing to have been obvious in light of the prior art was not. It is to be considered as part of all the evidence, not just when the decisionmaker remains in doubt after reviewing the art.

Stratoflex, Inc. v. Aeroquip Corp., supra, 713 F.2d at 1538-39.

The *Stratoflex* result was recently followed in *Simmons Fastener Corp. v. Illinois Tool Works, Inc., supra*, where the Court held:

> We agree with the Trial Court that the teachings of the prior art prima facie would have suggested to one of ordinary skill in the art the claimed invention. . . . However, the evidence of secondary considerations in this case, particularly commercial success, is extremely strong, and is entitled to great weight. In considering the evidence of obviousness/nonobviousness collectively, we conclude the Trial Court's decision that the claimed invention of the '476 patent would have been obvious under 35 U.S.C. 103 must fall.

739 F.2d at 1575-76.

In our case, Morgan had no opportunity to present evidence of commercial success to rebut any finding of obviousness made by the PTO in its no-defect reissue proceeding and affirmed by the CCPA. It therefore was denied valuable patent rights without a full and fair hearing as required in *Blonder-Tongue*. The lack of opportunity in the advisory proceedings for Morgan to show evidence of post-grant commercial success to rebut a finding of obviousness is a "serious defect," precluding the application of collateral estoppel.

II. THIS COURT SHOULD GRANT CERTIORARI TO REVERSE A DECISION IN CONFLICT WITH ITS OWN PROPER DECISIONS, AND TO REINSTATE MORGAN'S VALUABLE PROPERTY RIGHTS IN ITS PATENT.

Morgan asks this Court to address the balance of an inventor's property interest in a valid patent with the public's interest underlying collateral estoppel. The former must prevail in all cases except where identical issues are involved in subsequent patent litigations. *In Re Russell*, 439 F.2d 1228 (C.C.P.A. 1971); *In Re Craig*, 411 F.2d 1333 (C.C.P.A. 1969).

The appropriate role of a trial court in assessing the findings of the PTO in any reissue proceeding has been set forth in *National Business Systems v. AM International, Inc.*, 743 F.2d 1227 (7th Cir. 1984), *cert. denied*, 53 U.S.L.W. 3808 (1985). In refusing to be bound by the PTO's findings of patent invalidity in reissue proceedings, the Court noted:

> The decision of the Patent Office in the reissue proceeding is neither cloaked in a "presumption of correctness" independent of the patent nor entitled to special deference in a separate federal court adjudication of patent validity.

743 F.2d at 1232. The Court additionally noted: (1) less deference is appropriate for a PTO finding of invalidity in a reissue proceeding as opposed to an original issue proceeding, because patent validity is a question of law reserved exclusively to the Federal courts in de novo proceedings; (2) deference is particularly inappropriate where the patent in question has been in existence for several years.

That the PTO decision in this case was reviewed by the CCPA does not change this result because: (1) the CCPA was reviewing the PTO's rejection of a no-defect reissue, not its decision on the right to a patent; and (2) the Court was without jurisdiction to render a binding decision since it reviewed an advisory opinion in the teeth of its duty to accept only cases and controversies.

We suggest that this Court should further reexamine or clarify *Blonder-Tongue, supra,* 402 U.S. 313 (1971) to prevent its application to patent reissue proceedings where commercial success, years of existence or other secondary evidence of validity is not relevant.

CONCLUSION

As a result of the substantial errors committed in our case, a conflict has been created with decisions of this Court, and Morgan has been deprived of valuable property without due process of law.

For all of these reasons, as more fully set forth above, Morgan respectfully requests review by this Court, reversal of the decisions of the Court of Appeals and the District Court, and remand for trial on the validity of the Morgan patent.

Respectfully submitted,

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APPENDIX

OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

(Decided February 7, 1985)

Appeal Nos. 83-1258 and 83-1196.

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

MORGAN ADHESIVES COMPANY,
Appellant,

v.

CHEMTROL ADHESIVES, INC.,
Appellee.

Before MARKEY, *Chief Judge,* COWEN, *Senior Circuit Judge,* and BALDWIN, *Circuit Judge.*

BALDWIN, *Circuit Judge.*

DECISION

The decision of the trial court holding that appellant is collaterally estopped from litigating the validity of U.S. Patent No. 3,900,645 ('645 patent) and granting appellee's motion for summary judgment is *affirmed.*

OPINION

Appellant's main argument on appeal is that it launched an advisory opinion no-defect reissue proceeding under 37 C.F.R. § 1.175(a)(4) (1982) (rule 175(a)(4)) (abolished May 1982) which was not converted to a statutory reissue proceeding.

Although appellant withdrew its amendments to the claims, it did not withdraw its amendment to the specification. Appellant, in fact, admits in its brief, "as the case came to the CCPA the patent was in precisely the form in which it had originally issued from the Patent Office, *except* only for the insertion of one sentence in the specification." (Emphasis added.) The sentence was added to overcome a rejection of claim 3 based on the lack of antecedent basis for the limitation in claim 3. The change thereby converted the application into a statutory reissue application.

The cases *In re Dien*, 680 F.2d 151, 214 USPQ 10 (CCPA 1982) and *In re Bose*, 687 F.2d 432, 215 USPQ 1 (CCPA 1982) lend no support to appellant's argument that its proceeding was strictly a rule 175(a)(4) proceeding. In *Dien*, neither the claims nor the specification were changed, and in *Bose*, the court held mere removal of claims by disclaimer for reissue purposes could not turn the rule 175(a)(4) application into a true reissue application. In both cases the proceedings were held to be advisory only. The basis for those conclusions was that no reissue patents could have issued that would have differed from the original patents because no new specifications or claims were present in the reissue applications. By contrast, in the present case, had the Court of Customs and Patent Appeals (CCPA) reversed the rejection, appellant would have received a new patent containing new language specifying that the thickness of the paper backing layer is "less than one-half of the thickness of the sheet 12 paper." The proceedings in the Patent and Trademark Office (PTO) were therefore not advisory in this case.

We further reject appellant's argument that the change could have been made by a certificate of correction, 37 C.F.R. § 1.323. Contrary to appellant's assertions, the

change made was not due to a clerical, typographical, or otherwise minor error. Indeed, the change would have affected the scope or meaning of the patent. Even if the change could have been made by a certificate of correction, appellant's argument is irrelevant, because appellant *did* amend the specification.

Section 1414.02 of the Manual of Patent Examining Procedure, derived from guidelines in the December 12, 1978 Official Gazette and published before appellant made any amendment to its reissue application, clearly states that amendment of a rule 175(a)(4) reissue application converts such application into a statutory reissue application.

In sum, by virtue of appellant's amendment to the specification, the rule 175(a)(4) no-defect reissue proceeding was converted to a statutory reissue proceeding. The proceeding in the PTO was not merely advisory. Therefore, the CCPA had jurisdiction to review the PTO's decision. Appellant's argument that the CCPA's decision was a nullity because there was no jurisdiction, and there could be no application of collateral estoppel must therefore also fail.

The trial court also correctly held that appellant was collaterally estopped from litigating the validity of the '645 patent and was not denied due process via the change in the reissue proceedings. These issues having been dealt with at great length by the trial court, we affirm on the basis of the reasons set forth by the trial court. We agree appellant had a full and fair opportunity to litigate, and was not deprived of due process of law.

The decision granting appellee's summary judgment motion is accordingly affirmed.

BOARD OF APPEALS' AFFIRMANCE

(MAILED OCT. 30 1980 PAT. & T.M. OFFICE
BOARD OF APPEALS)

Art Unit 164 Paper No. 53
Appeal No. 446-55 fh

Heard:
September 18, 1980

UNITED STATES PATENT AND
TRADEMARK OFFICE

BEFORE THE BOARD OF APPEALS

Ex parte Burton D. Morgan

Application filed September 19, 1977, Serial No. 834,136, for the Reissue of Patent No. 3,900,645, granted August 19, 1975, based on application Serial No. 78,887, which is a division of Serial No. 389,435, filed December 11, 1967, U.S. Patent No. 3,570,337, granted March 16, 1971. Scored Adhesive Laminate.

Vern L. Oldham et al and Norman H. Stepno for appellant.

Before Blech and Katz, Examiners-in-Chief, and
Pellman, Acting Examiner-in-Chief.
Katz, Examiner-in-Chief.

Appellant appeals from the final rejection of claims 1 to 4, which are all the claims in the case.

This is a reissue application of Patent 3,900,645. The claims before us are substantially the same as the claims

in the patent, appellant having filed this reissue on the [2] basis of prior art which may affect the validity of the patent.

Claim 1 is illustrative of the appealed claims and reads as follows:

> 1. A flexible laminate for use as a label, decal or the like, comprising:
>
> a face sheet,
>
> a layer of pressure sensitive adhesive secured to the back surface of said face sheet, and
>
> a fiber paper backing layer removably secured to said adhesive layer and having a reduced thickness potential tear line formed in such material, the fibers of the paper backing layer being appreciably compacted at the potential tear line, the paper having a release coating on *its* [an] inner surface *which engages* [engaging] the adhesive layer.

The claimed invention relates to pressure-sensitive adhesive labels having a removable backing sheet. In order to facilitate the gripping of an edge of the backing sheet, the backing sheet has tear lines which are of reduced thickness and which are in compacted form. When the backing sheet is folded at a tear line, a break occurs due to the weakened condition at said tear line.

The references relied on are:

Brady et al	2,434,545	Jan. 13, 1948
Brady	2,681,732	June 22, 1954
Karn	3,230,649	Jan. 25, 1966

Cameron Bulletin 4010.

Paper, Film and Foil Converter, July, 1958, pages 24-28.

All the claims stand rejected under 35 USC 112, first paragraph, for lack of an enabling disclosure.

Claims 1 to 3 stand rejected under 35 USC 112, first and second paragraphs, as failing to sufficiently describe the location of the compacted tear lines.

All the claims stand rejected under 35 USC 102(b) as anticipated by Karn.

[3] Claims 1 to 3 stand rejected under 35 USC 103 as obvious in view of the combination of Karn and Brady (732) or Brady (545).

All the claims stand rejected under 35 USC 103 as obvious in view of the combination of Karn taken with Cameron and Paper, Film and Foil Converter.

We have carefully considered the arguments in this case, including those of the protestor, Chemtrol Adhesives, Inc., and find that we agree with appellant as to the section 112 rejections but with the examiner as to the section 102(b) and 103 rejections.

The examiner has rejected the claims under section 112, first paragraph, as lacking an enabling disclosure. It is the examiner's position that the wire wound roll described having an edge diameter of 0.010 inch will *cut* the paper and will not compact. The examiner may very well be correct that such a roll may be used for cutting; however, we believe that this may depend on the type of paper used and the pressure applied to the roll. The specification describes crushing of the fibers to form a groove. Cutting is not mentioned and may or may not actually be practiced. In any event, we believe that one skilled in this art, understanding the aims described in the specification, would be able, without the use of inventive faculty, to vary the appartus and obtain the structure set forth in the claims. We will not support this rejection.

Also, we will not support the rejection of the claims based on section 112, paragraphs one and two. The examiner contends that only a product having a compacted groove in the side of the backing sheet away from the [4] adhesive has been taught. While the claims do not set forth the side on which the groove is present, the function and purpose of the groove is recited. We believe that one skilled in this art would not be required to exert undue experimentation to place the groove on the side necessary to obtain the described "breaking" ability for the backing sheet. See *In re* Stephens et al, 529 F.2d 1343, 188 USPQ 659 (CCPA 1976).

In our view, the rejection of the claims will stand or fall based on the pertinency of the Karn reference. Karn relates to the same type of subject matter claimed, that is, a label having a pressure-sensitive coating and being adhered to a peelable backing sheet. Both appellant and Karn desire to treat the backing layer so that it is easily removable. Both apply easily breakable score lines or indentations to the backing sheet. The claims call for compacting the surface in the form of lines, which are not cut through to the adhesive layer. The compacted layers are weakened and may be broken by bending. Karn teaches two embodiments. In one, the backing sheet has lines all the way through; in the other embodiment, the backing is cut part-way through by means of "crush-cutting rotary knives." The action of the knives is described* as follows:

> "The channels 25, 26, 27 can be formed by crush-cutting rotary knives which impinge upon the liner 13 before it is laminated to the printable sheet 10, etc., to form the label stock. The liner 13 is passed around a hardened-steel anvil roller, and the knives are ad-

*See column 3, lines 59-65.

justed so that a layer of liner fibers remains unruptured on the side of the liner in contact with the roller."

[5] Appellant contends that the affidavit evidence presented in this case indicates that it is not possible, or at least not practical, to employ a crush-cutter to partially cut through or crush paper. As set forth in the McKee affidavit, the paper will either be untreated or cut all the way through when the knife pressure is increased.

Protestor, on the other hand, points out that the Karn reference specifically teaches the use of the crush-cutter to partially cut through the paper and, most importantly, sets forth the *action* of the crush-cutter. The action is described as forming a weakened tab which may be readily ruptured when sharply bent.

Karn is relied on to anticipate the claimed subject matter and as the key reference in the section 103 rejections.

We agree with the examiner that the remaining references are sufficient evidence that it is known in this art that the score or tear line may be on either side of a backing sheet and that rotary cutters of different edge diameters are known. We also come to the conclusion that it would have been obvious to score or cut the backing sheets of Karn using such teachings.

Also, arguments are presented that appellant, in his corresponding process patent No. 3,900,645, filed a Rule 131 [37 CFR 1.131] affidavit to antedate a cited reference and that, as part of the evidence, appellant indicated that in commercial practice a crush-roller was used to form the product corresponding to that defined in the claims before us.

The main question we have before us is to determine whether Karn is an adequate teaching that crush-rollers may [6] be used for forming a product as defined in the claims.

We have carefully considered all the arguments in this case, including the various exhibits and affidavits, and come to the conclusion that Karn is a valid reference which anticipates the claimed article.

While we agree with appellant that crush-cutting rollers may be used to completely cut through a paper thickness, as evidenced by the McKee affidavit, we also are cognizant of the fact that the extent of cutting may be determined by other factors, such as the sharpness of the roll, and the absence or use of stops to limit the extent of the cutting action. McKee did not use stops but merely increased the pressure on the cutting roll to the point where cutting commenced. Obviously, once the cutting starts, the resistance to cutting is diminished and the cutter will proceed to pass through the thickness of the paper. Also, it is clear that the rolls employed in the McKee tests were exceedingly sharp, being the smallest edge diameter rolls available.

However, Karn does not use the crush-cutter in the manner described by McKee. In the Karn apparatus, the knives are adjusted so that a layer of liner fibers remains unruptured. See column 3, lines 63 and 64.

The Farrell affidavit relates to the use of a sharp cutting wheel of the type employed by McKee.* However, in Farrell's experiments, stops are used to leave different thicknesses in the uncut portions of the paper. The paper did not tear or rupture when bent along the cut lines, even

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*See McKee affidavit.

[7] when exceedingly thin uncut areas remained. This shows that the uncut tabs remained flexible.

We do not doubt that it is possible to partially cut through paper using sharp knives, whether rotary or not, and that the uncut areas may be unaffected and, thus, retain their flexibility. However, Karn describes his "tabs" as being weak and readily rupturable when sharply bent. Such structure does not correspond to that obtained by Farrell. We can only conclude that the type of crush-cutter or manner of using same, as described by Karn, is different from that employed by Farrell.

We believe it is only reasonable to conclude from the evidence presented that, if the claimed sheet is rupturable because it has compressed lines, then the cut lines of Karn also are rupturable for the same reason. As we have pointed out before, Farrell shows that unmodified paper remains flexible, regardless of the depth of the cut. Since the claimed sheet was made by using a treating roll analogous to that described by Karn, and since appellant now uses a crush-cutter roll to manufacture a product corresponding to that set forth in the claims, we must conclude that the Karn structure is as presently claimed and is an anticipation thereof.

Appellant further argues that the Karn patent has cuts. We note that the claims do not exclude the presence of cuts and we see no evidence which would indicate that cuts are deleterious and that they are absent from the claimed product.

[8] The decision of the examiner is affirmed.

AFFIRMED

/s/ SAMUEL BLECH)
Examiner-in-Chief)
)
)
)
/s/ MURRAY KATZ) BOARD
Examiner-in-Chief) OF
) APPEALS
)
)
)
/s/ IRVING PELLMAN)
Examiner-in-Chief)
(Acting)

In accordance with the Decision on Petition, Paper No. 13, copies of this decision are sent to:

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OPINION OF THE UNITED STATES COURT OF CUSTOMS AND PATENT APPEAL

(Decided July 9, 1981)

UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

IN RE BURTON D. MORGAN) Appeal No. 81-552.
) Serial No. 834,136.

Before MARKEY, *Chief Judge*, RICH, BALDWIN, MILLER and NIES, *Associate Judges*.

RICH, *Judge*.

DECISION

The decision of the United States Patent and Trademark Office Board of Appeals sustaining the examiner's rejection of claims 1-4 under 35 USC 103 is *affirmed*.

OPINION

A prima facie case of obviousness is established from the Karn crush-cutting disclosure and the known use of crush-cutting blades at the time of the present disclosure. A 45° "B" edge Cameron blade (six to eight thousandths inch radius) was specifically recommmended for cutting Kraft [2] paper in a crush-cutter. In addition, the 45° "C" edge Cameron blade (ten to twelve thousandths inch radius) was specifically recommended for cutting waxed and impregnated paper. Thus, one of ordinary skill in the art would have followed the suggestion of the Cameron reference to employ these blades to achieve a partial cut with label liner paper.

Although the McKee affidavits may successfully rebut the §102 rejection, they fail to rebut the §103 rejection. McKee declares in his affidavit of December 28, 1978, page 4:

> 20) THAT each of the three knife edges shown in Cameron Machine Company Bulletin 4010 would, at operating pressures between particular levels for each such knife, be capable of appreciably compacting paper between the knife edge and a back-up roll without cutting such paper; * * *.

On page 5, he then goes on to state:

> 23) THAT when a crush-cutting rotary knife is brought into contacting engagement with paper against a back-up roll, one skilled in the art would expect either total cutting of the paper or no cutting at all, there being increasing compaction of the paper fibers between the knife and back-up roll as the pressure effectuating forceful engagement increases to a point where a bursting or rupturing of all the fibers between the knife and back-up roll occurs; * * *.

Since these affidavits lack any factual basis to support his assertion that one skilled in the art would not have been able to compact-cut label paper with known blades which admittedly are capable of such operation, we hold that the prima facie case has not been rebutted.

BALDWIN, *Judge*, dissenting.

I do not agree that a prima facie case of obviousness is established by the Karn reference. Karn specifically discloses making cuts "almost, but not completely, through the liner, forming channels." Nowhere does Karn suggest the appreciable compaction of fibers at the potential tear line in lieu of the disclosed cut channels. As presented

in the McKee affidavit, one of ordinary skill in the art would be led by the Karn reference to use increasingly sharper rotary knives to effectuate a cut almost, but not completely, through the thickness of the liner, realizing that a crush-cut knife could not achieve a controlled depth cut. Accordingly, I would reverse the decision of the board.

OPINION GRANTING SUMMARY JUDGMENT

(Filed May 20, 1983)

CIVIL ACTION NO. C-76-101

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

MORGAN ADHESIVES COMPANY,
Plaintiff,

vs.

CHEMTROL ADHESIVES, INC.
a Delaware Corporation,

C/O HAROLD ROBINSON, President
and Statutory Agent,
Defendant.

On February 2, 1976 plaintiff, Morgan Adhesives Company, (hereinafter, Morgan), filed the above-captioned case seeking injunctive relief, damages and attorney's fees due to the alleged infringement of its United States Letters Patent No. 3,900,645 (hereinafter, '645), by the defendant, Chemtrol Adhesives, Inc., (hereinafter, Chemtrol). Jurisdiction is invoked under 28 U.S.C. § 1338 and 35 U.S.C. § 281.[1] On March 23, 1976 Chemtrol filed an answer and counterclaim seeking declaratory relief regarding the validity of the '645 patent, attorney's fees and treble damages for an alleged violation of Section 2 of the Sherman Antitrust Act of 1890. 15 U.S.C. §§ 2 and 15.[2] **[2]** On January 24, 1983 Chemtrol filed a motion for

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1. 28 U.S.C. § 1338(a) provides as follows:

> The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trademarks. Such jurisdiction shall be exclusive of the courts of the states in patent, plant variety protection and copyright cases.

35 U.S.C. § 281 provides as follows:

> A patentee shall have remedy by civil action for infringement of his patent.

2. 15 U.S.C. § 2 provides as follows:

> Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a felony, and, on conviction thereof, shall be punished by fine not exceeding one million dollars if a corporation, or, if any other person, one hundred thousand dollars or by imprisonment not exceeding three years, or by both said punishments, in the discretion of the court.

15 U.S.C. § 15 provides as follows:

> Any person who shall be injured in his business or property by reason of anything forbidden in the antitrust laws may sue therefor in any district court of the United States in the district in which the defendant resides or is

(Continued on following page)

partial summary judgment. Fed. R. Civ. P. 56. For the reasons which follow Chemtrol's motion is granted.

On September 20, 1977 Morgan filed a motion to stay proceedings in this case so that it could file an application for reissue of the '645 patent with the United States Patent and Trademark Office, (hereinafter, patent office). The motion was filed because the patent office had not considered certain prior art during the prosecution of the '645 patent. In its motion Morgan asserted that "[t]he greatest expertise respecting the applicability of prior art to the claimed invention resides in the USPTO . . .". Four (4) protests including one by Chemtrol, were filed in response to Morgan's application for reissue. Morgan filed a brief in support of its application to which Chemtrol

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Footnote continued—

found or has an agent, without respect to the amount in controversy, and shall recover threefold the damages by him sustained, and the cost of suit, including a reasonable attorney's fee. The court may award under this section, pursuant to a motion by such person promptly made, simple interest on actual damages for the period beginning on the date of service of such person's pleading setting forth a claim under the antitrust laws and ending on the date of judgment, or for any shorter period therein, if the court finds that the award of such interest for such period is just in the circumstances. In determining whether an award of interest under this section for any period is just in the circumstances, the court shall consider only—

(1) whether such person or the opposing party, or either party's representative, made motions or asserted claims or defenses so lacking in merit as to show that such party or representative acted intentionally for delay, or otherwise acted in bad faith;

(2) whether, in the course of the action involved, such person or the opposing party, or either party's representative, violated any applicable rule, statute, or court order providing for expeditious proceedings; and

(3) whether such person or the opposing party, or either party's representative, engaged in conduct primarily for the purpose of delaying the litigation or increasing the cost thereof.

filed a reply. On October 11, 1978 the patent office examiner [3] rejected all claims contained in the '645 patent under 35 U.S.C. §§ 102(b),[3] 103[4] and 112.[5] On or about

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3. 35 U.S.C. § 102(b) provides as follows:

A person shall be entitled to a patent unless—

. . .

the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to date of the application for patent in the United States. . . .

4. 35 U.S.C. § 103 provides as follows:

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

5. 35 U.S.C. § 112 provides as follows:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

A claim may be written in independent or, if the nature of the case admits, in dependent or multiple dependent form.

Subject to the following paragraph, a claim in dependent form shall contain a reference to a claim previously set forth and then specify a further limitation of the subject matter claimed. A claim in dependent form shall be construed to incorporate by reference all the limitations of the claim to which it refers.

A claim in multiple dependent form shall contain a reference, in the alternative only, to more than one claim previously set forth and then specify a further limitation of

(Continued on following page)

January 10, 1979 Morgan filed a "response to [the] [4] patent office action" in which it amended the specification and each of the four (4) claims contained in the '645 patent. Attached to this response were transcripts of depositions taken in this case. On February 7, 1979 Chemtrol filed a reply to Morgan's response and on February 21, 1979 Morgan filed a supplemental response. On March 3, 1979 the patent office examiner repeated and made "final" his rejection of all claims contained in the '645 patent. Once again, Morgan responded by filing an amended application which incorporated discovery obtained in this case. On July 13, 1979 the patent office examiner repeated his rejection of all claims contained in the '645 patent.

On November 9, 1979 Morgan filed a notice of appeal to the United States Patent and Trademark Office Board of Appeals (hereinafter, board). Chemtrol was permitted to participate in the appeal and filed a brief in response to one filed by Morgan. On September 18, 1980 the board heard oral arguments of the parties and on October 30, 1980 affirmed the decision of the patent office examiner. On November 26, 1980 Morgan filed a request for reconsideration which was denied on December 23, 1980.

Footnote continued—

> the subject matter claimed. A multiple dependent claim shall not serve as a basis for any other multiple dependent claim. A multiple dependent claim shall be construed to incorporate by reference all the limitations of the particular claim in relation to which it is being considered.
>
> An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof.

On January 12, 1981 Morgan filed a notice of appeal to the United States Court of Customs and Patent Appeals.[6] On March 5, 1981 the CCPA granted Chemtrol's motion to intervene in the appeal. Thereafter, both parties filed briefs and on June 5, 1981 **[5]** oral argument took place. On July 9, 1981 the CCPA held: "The decision of the United States Patent and Trademark Office Board of Appeals sustaining the examiner's rejection of claims 1-4 under 35 U.S.C. § 103 is *affirmed.*" (Emphasis in original). On July 28, 1981 Morgan filed a petition for a rehearing to which Chemtrol filed a brief in opposition. On September 3, 1981 the CCPA denied Morgan's petition.

On September 10, 1981 Morgan filed a request for a continuation application for reissue proceedings in the patent office. On or about about November 1, 1982 the patent office examiner rejected Morgan's claims for several reasons, one of which was that they were barred by the doctrine of *res judicata* under the decision of the CCPA.

In *Lawlor v. National Screen Service Corp.*, 349 U.S. 322, 326, 75 S. Ct. 865, 867 (1955), the United States Supreme Court held that "under the doctrine of *res judicata*,

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6. Effective October 1, 1982 the United States Court of Customs and Patent Appeals and the United States Court of Claims were abolished by the Federal Courts Improvement Act of 1982. The Act created the Court of Appeals for the Federal Circuit. The court was established under Article III of the Constitution of the United States. It is composed of the twelve (12) judgeships of the United States Court of Customs and Patent Appeals and the United States Court of Claims. Its jurisdiction is defined by subject matter and it has exclusive jurisdiction "of an appeal from a final decision of a district court . . . if the jurisdiction of that court was based, in whole or in part, on section 1338 of [Title 28] . . .". 28 U.S.C. § 1295(a)(1). In its first decision, *South Corp. v. United States*, 690 F.2d 1368 (Fed. Cir. 1982), the Court of Appeals for the Federal Circuit held that the holding of its predecessor courts would be binding on it. *See*: 28 U.S.C. § 1296. Hereinafter, the United States Court of Customs and Patent Appeals shall be referred to as "CCPA" and the United States Court of Appeals for the Federal Circuit as "CAFC."

a judgment 'on the merits' in a prior suit involving the same parties or their privies bars a second suit based on the same cause of action." *Accord*: *Kremer v. Chemical Construction Corp.*, ... U.S. ....., 102 S. Ct. 1883, 1889, n. 6 (1982); *Allen v. McCurry*, 449 U.S. 90, 94, 101 S. Ct. 411, 414 (1980). The Court has also held that "[u]nder collateral estoppel, once an issue is actually and necessarily determined by a court of competent jurisdiction, that determination is conclusive in subsequent suits based on a different cause of action involving a party to the prior litigation." *Montana v. United States*, 440 U.S. 147, 153, 99 S. Ct. 970, 973 (1979). *Accord*: *Parklane Hosiery, Inc. v. Shore*, 439 U.S. 322, 326, 99 S. Ct. 645, 649, n. 5 (1979).

In *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313, 91 S. Ct. 1434 (1971), the United States Supreme Court overruled its previous decision in *Triplett v. Lowell*, 297 U.S. 638, 56 S. Ct. 645 (1936), and held that a judgment of invalidity in a suit against one alleged to infringe a patent accrues to the benefit of any other against whom infringement of the patent is alleged unless **[6]** the owner of the patent can show that "he did not have 'a fair opportunity procedurally, substantively and evidentially to pursue his claim the first time'." 402 U.S. at 333, 91 S. Ct. at 1445. (Citation omitted).

In *Blonder-Tongue*, the University of Illinois Foundation, (hereinafter, Foundation), as the owner of the patent in issue, filed an action for infringement against the Winegard Company in the United States District Court for the Southern District of Iowa. The court held the patent invalid and the Court of Appeals for the Eighth Circuit affirmed on appeal.[7] Thereafter, the United States Supreme Court denied the Foundation's petition for cer-

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7. *University of Illinois Foundation v. Winegard Co.*, 271 F. Supp. 412 (S.D. Iowa 1967, *aff'd.*, 402 F.2d 125 (8th Cir. 1968).

tiorari.[8] While the action was pending before the trial court, the Foundation filed another action for infringement against a customer of Blonder-Tongue Laboratories (hereinafter, Blonder-Tongue), in the United States District Court for the Northern District of Illinois. Blonder-Tongue intervened in the action to argue that the patent was invalid. In pertinent part, the United States District Court for the Northern District of Illinois held the patent valid and the Court of Appeals for the Seventh Circuit affirmed.[9] The United States Supreme Court granted a petition for certiorari and directed the parties to brief and argue the following questions:

> 1. Should the holding of *Triplett v. Lowell*, 297 U.S. 638 [56 S. Ct. 645, 80 L.Ed. 949], that a determination of patent invalidity is not res judicata as against the patentee in subsequent litigation against a different defendant, be adhered to?
>
> 2. If not, does the determination of invalidity in the *Winegard* litigation bind the respondents in this case?

[7] 402 U.S. at 317, 91 S. Ct. at 1437. The Court resolved the first question in the negative and remanded the case to permit Blonder-Tongue to plead the defense of collateral estoppel and the Foundation to plead and prove why the defense would not prevail.[10] In pertinent part, the Court held:

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8. 394 U.S. 917, 89 S. Ct. 1191 (1969).

9. *University of Illinois Foundation v. Blonder-Tongue Laboratories, Inc.*, 422 F.2d 769 (7th Cir. 1970).

10. On remand the United States District Court for the Northern District of Illinois granted Blonder-Tongue's motion for summary judgment on the issue of collateral estoppel and the Court of Appeals for the Seventh Circuit affirmed. 334 F. Supp. 47 (N.D. Ill. 1971), *aff'd.*, 465 F.2d 380 (7th Cir.), *cert. denied*, 409 U.S. 1061, 93 S. Ct. 559 (1972).

> Determining whether a patentee has had a full and fair chance to litigate the validity of his patent in an earlier case is of necessity not a simple matter. *In addition to the considerations of choice of forum and incentive to litigate* mentioned above, certain other factors immediately emerge. For example, if the issue is nonobviousness, *appropriate inquiries would be whether the first validity determination purported to employ the standards announced in Graham v. Deere Co., supra; whether the opinions filed by the District Court and the reviewing court, if any, indicate that the prior case was one of those relatively rare instances where the courts wholly failed to grasp the technical subject matter and issues in suit;* and *whether without fault of his own the patentee was deprived of crucial evidence or witnesses in the first litigation.* But as so often is the case, no one set of facts, no one collection of words or phrases, will provide an automatic formula for proper rulings on estoppel pleas. In the end, decision will necessarily rest on the trial court's sense of justice and equity.

402 U.S. at 333-334, 91 S. Ct. at 1445. (Footnotes omitted). (Emphasis added). One commentator has observed that "[l]ower court decisions after *Blonder-Tongue* generally rebuff efforts by patent owners to establish absence of full and fair opportunity to litigate." 4 Chisum, *Patents*, § 19.02[2]. (Footnote omitted). *See: e.g., Westwood Chemical Inc. v. Molded Fiber Glass Body Co.*, 498 F.2d 1115, 1120 (6th Cir. 1974), ". . . Westwood has failed in its burden of showing that it was denied a substantively fair trial . . ."; *Kaiser Industries Corp. v. Jones & Laughlin Steel Corp.*, 515 F.2d 964, 982, *modified on other grounds*, 524 F.2d 1154 (3d Cir. 1975), *cert. denied*, 423 U.S. 876, 96 S. Ct. 150 (1976), ". . . a patentee . . . must persuade

the second court that the additional evidence was crucial to a proper resolution in the first tribunal and [8] that the patentee bore no responsibility for the absence of the evidence in the prior trial." Indeed, in *Kaiser Industries Corp. v. Jones & Laughlin Steel Corp., supra*, 515 F.2d at 987, the Court of Appeals for the Third Circuit held that *Blonder-Tongue* "does not authorize unbridled excursions into the record of the earlier trial before applying the estoppel of the previous judgment."

Morgan contends that it is not collaterally estopped from litigating the validity of the '645 patent before this court because: (1) the decision of the CCPA was advisory only; and (2) "[t]here has not been a full evidentiary hearing on the issue of validity." Plaintiff's Brief in Opposition to Motion of Defendant for Partial Summary Judgment, p. 7. For the reasons which follow the court finds both of Morgan's contentions to be without merit.

In *McCormick Harvesting Machine Co. v. Aultman-Miller Co.*, 169 U.S. 606, 612, 18 S. Ct. 443, 445 (1898), the United States Supreme Court held that when a patent is issued the patent office has "no power to revoke, cancel or annul it." The Court held further that "[u]pon application being made for . . . reissue the patent office [is] authorized to deal with all its claims, the originals as well as those inserted first in the application, and might declare them to be invalid, *but such action would not affect the claims of the original patent which remain . . . in full force, if the application for reissue* [*is*] *rejected or abandoned.*" *Id.* (Emphasis added). *Accord: Allen v. Culp*, 166 U.S. 501, 505, 17 S. Ct. 644, 645 (1897), ". . . if the original application for a reissue be rejected, the original patent stands precisely as though a reissue had never been applied for . . .". Construing these decisions the CCPA has held:

> An application for a reissue is accompanied by a mere offer to surrender the original patent in the event the reissue application is allowed and the patent reissued. However, if the reissue application is not allowed, or if it is abandoned, the original patent is not surrendered, nor is the subject matter of the claims therein relinquished.

[9] *McCoy v. Pfeiffer,* 133 F.2d 913, 917 (CCPA 1943). *See also*: *Bally Mfg. Corp. v. Diamond,* 629 F.2d 955, 958 (4th Cir. 1980), "A reissue rejection, whether based on the finding of the examiner that the original patent is entirely valid or on his finding that the reissue claims do not describe a patentable invention, is *purely advisory.*" (Footnote omitted). (Emphasis aded). Although it is well established that "the Patent Office does not have the power or authority to declare a patent invalid," *United Merchants & Manufacturers, Inc. v. Henderson,* 495 F. Supp. 444, 447 (N.D. Ga. 1980), (citation omitted), it is unquestioned that such rule of law does not resolve the issue presented in this case because Morgan appealed the decision of the patent office to the CCPA which was a court established under Article III of the Constitution of the United States.[11] *See*: *Brenner v. Manson,* 383 U.S. 519, 86 S. Ct. 1033 (1966).

In 1977 the patent office amended Rule 175 to permit the owner of a patent to file an application for reissue proceedings without seeking any change in the specification or claims of the patent and without alleging any defect in order to obtain reexamination of the claims in light of prior art that was discovered after the date upon which the patent was issued. 37 C.F.R. § 1.175(a)(4). The rule provided that "when the applicant is aware of prior art or other information relevant to patentability, not pre-

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11. *See*: F.N. 6, *supra.*

viously considered by the office, which might cause the examiner to deem the original patent wholly or partly inoperative or invalid," an application for reissue would be entertained if it contained "a statement or declaration . . . particularly specifying such prior art or other information and requesting that if the examiner so deems, the applicant be permitted to amend the patent and be granted a reissue patent." In enacting the rule, the patent office reasoned as follows:

> [10] Thus, a patentee may file a reissue if he believes his patent is valid over prior art not previously considered by the Office but would like to have a reexamination. The procedure may be used at any time during the life of a patent. During litigation, a federal court may, if it chooses, stay proceedings to permit new art to be considered by the Office.
>
> If a reissue application is filed as a result of new prior art with no changes in the claims or specification and the examiner finds the claims patentable over the new art, the application will be rejected as lacking statutory basis for a reissue, since 35 U.S.C. 251 does not authorize reissue of a patent unless it is deemed wholly or partly inoperative or invalid. However, the record of prosecution of the reissue will indicate that the prior art has been considered by the examiner.

42 Fed. Reg. 5588 (1977).[12]

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12. In 1982 the patent office abolished Rule 175(a)(4). The purpose related for the change was to "permit some of the Patent & Trademark Office resources now devoted to consideration of the so-called 'no-defect' reissue applications, and to extensive participation by protestors during application examination, to be directed toward reduction of the backlog of pending patent applications." 47 Fed. Reg. 21746 (1982). The patent office also noted that although it "gave advisory opinions on patentability over additional prior art without any changes in the patent claims" the "courts have generally refused to give preclusive effect to these advisory opinions." *Id.*, at 21748-21749.

In *In re Dien*, 680 F.2d 151 (CCPA 1982), the CCPA dismissed an appeal from a decision rendered on an application for reissue proceedings under Rule 175(a)(4) for lack of subject matter jurisdiction. The court held:

> *The fact that the PTO's alleged board "decision," which we are asked to review, is merely an advisory opinion is conclusive of our lack of jurisdiction. To review an advisory opinion would be to give one.* We are a court established under Article III of the Constitution. *Glidden Co. v. Zdanok*, 370 U.S. 530, 584, 587, 82 S. Ct. 1459, 1490, 1492, 8 L.Ed.2d 671 (1962). As such, our power is constitutionally limited to the decision of "*cases*" and "*controversies.*" Const. Art. III, sec. 2; *Muskrat v. United States*, 219 U.S. 346, 31 S. Ct. 250, 55 L.Ed. 246 (1910). *An advisory opinion by the PTO does not fit in either of those categories and we lack the power to review it. Swingline v. Kleinert*, 55 C.C.P.A. 1486, 1489, 399 F.2d 283, 285, 158 U.S.P.Q. 341, 342 (1968), Rich, J., concurring, and authorities therein cited.

680 F.2d at 155. (Emphasis added). *Accord*: *In re Bose*, 687 F.2d 432 (CCPA 1982). Premised on these decisions Morgan argues that the decision of the CCPA which held the '645 patent invalid was "merely an advisory opinion" and, therefore, a "nullity" in law. The court is not persuaded by Morgan's argument.

[11] In *Chicot County Drainage Dist. v. Baxter State Bank*, 308 U.S. 371, 60 S. Ct. 317 (1940), the United States Supreme Court held that although subject to "direct review," a determination by a federal court that it sustains subject matter jurisdiction over a cause of action "*may not be assailed collaterally.*" 308 U.S. at 376, 60 S. Ct. at 319 (Emphasis added). The Court of Appeals for the Third Circuit has held:

> It was settled long ago by *Chicot County Drainage District v. Baxter State Bank*, 308 U.S. 371, 60 S. Ct. 317, 84 L.Ed. 329 (1940), that when a federal court proceeds to final judgment on the merits, the issue of its subject matter jurisdiction is res judicata even though it was not litigated or, indeed, even though the decree was totally uncontested.

Hodge v. Hodge, 621 F.2d 590, 592 (3d Cir. 1980). (Footnote omitted). Indeed, "[a] party is foreclosed from litigating subject matter jurisdiction in a subsequent lawsuit except if the lack of jurisdiction was so clear that its assumption 'was a manifest abuse of authority,' the challenged judgment 'would substantially infringe the authority of another tribunal or [governmental] agency,' or the rendering court was incapable of making an adequately informed assessment of its own jurisdiction." *Id.* at 593.

It is unquestioned that Morgan amended the specification and each of the four (4) claims contained in the '645 patent in response to the first rejection by the patent office examiner. It is equally clear that Morgan filed additional amendments subsequent to the second rejection. Under section 1414.02 of the Manual of Patent Examining Procedure "[i]f a reissue filed under subsection 1.175(a)(4) is amended, even though in response to a rejection, the reissue is thereby converted into an application under subsection 1.175(a)(1), and appropriate subsections 1.175(a)(2) and/or (a)(3) . . .".[13] **[12]** Since the CCPA has in-

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13. *See*: 37 C.F.R. §§ 1.175(a)(1)-(3) which provides as follows:

> Applicants for reissue, in addition to complying with the requirements of the first sentence of § 1.65, must also file with their applications a statement under oath or declaration as follows:

(Continued on following page)

dicated that appeals over applications for reissue proceedings would be appropriate under such circumstances, *In re Bose, supra; In re Dien, supra,* it is unquestioned that it could have considered Morgan's appeal to present a "case" or "controversy" within its subject matter jurisdiction. *See*: 35 U.S.C. §§ 251[14] and 141.[15] **[13]** Therefore, this

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Footnote continued—

When an applicant verily believes the original patent to be wholly or partly inoperative or invalid, stating such belief and the reason why.

When it is claimed that such patent is so inoperative or invalid "by reason of a defective specification or drawing," particularly specifying such defects.

When it is claimed that such patent is inoperative or invalid "by reason of the patentee claiming more or less than he had the right to claim in the patent," distinctly specifying the excess or insufficiency in the claims.

14. 35 U.S.C. § 251 provides as follows:

Whenever any patent is, through error without any deceptive intention, deemed wholly or partly inoperative or invalid, by reason of a defective specification or drawing, or by reason of the patentee claiming more or less than he had a right to claim in the patent, the Commissioner shall, on the surrender of such patent and the payment of the fee required by law, reissue the patent for the invention disclosed in the original patent, and in accordance with a new and amended application, for the unexpired part of the term of the original patent. No new matter shall be introduced into the application for reissue.

The Commissioner may issue several reissued patents for distinct and separate parts of the thing patented, upon demand of the applicant, and upon payment of the required fee for a reissue for each of such reissued patents.

The provisions of this title relating to applications for patent shall be applicable to applications for reissue of a patent, except that application for reissue may be made and sworn to by the assignee of the entire interest if the application does not seek to enlarge the scope of the claims of the original patent.

No reissued patent shall be granted enlarging the scope of the claims of the original patent unless applied for within two years from the grant of the original patent.

15. 35 U.S.C. § 141 provides as follows:

(Continued on following page)

court holds that Morgan may not collaterally attack the subject matter jurisdiction of the CCPA. In addition, and for the reasons which follow, the court holds that Morgan is collaterally estopped from litigating the validity of the '645 patent.

In *California Computer Products, Inc. v. Simplicity Pattern Co., Inc.*, 194 U.S.P.Q. 367 (C.D. Cal. 1977), the court was confronted with facts nearly identical to those before this court. The plaintiff filed an action for infringement of its patent. "The parties vigorously prosecuted and

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Footnote continued—

> An applicant dissatisfied with the decision of the Board of Appeals may appeal to the United States Court of Appeals for the Federal Circuit, thereby waiving his right to proceed under section 145 of this title. A party to an interference dissatisfied with the decision of the board of patent interference on the question of priority may appeal to the United States Court of Appeals for the Federal Circuit, but such appeal shall be dismissed if any adverse party to such interference, within twenty days after the appellant has filed notice of appeal according to section 142 of this title, files notice with the Commissioner that he elects to have all further proceedings conducted as provided in section 146 of this title. Thereupon the appellant shall have thirty days thereafter within which to file a civil action under section 146, in default of which the decision appealed from shall govern the further proceedings in the case.

At the time of Morgan's appeal, 35 U.S.C. § 141 provided as follows:

> An applicant dissatisfied with the decision of the Board of Appeals may appeal to the United States Court of Customs and Patent Appeals, thereby waiving his right to proceed under section 145 of this title. A party to an interference dissatisfied with the decision of the board of patent interferences on the question of priority may appeal to the United States Court of Customs and Patent Appeals, but such appeal shall be dismissed if any adverse party to such interference, within twenty days after the appellant has filed notice of appeal according to section 142 of this title, files notice with the Commissioner that he elects to have all further proceedings conducted as provided in section 146 of this title. Thereupon the appellant shall have thirty days thereafter within which to file a civil action under section 146, in default of which the decision appealed from shall govern the further proceedings in the case.

defended the action," until the plaintiff filed an application for reissue proceedings with the patent office. 194 U.S.P.Q. at 368. The patent office rejected the plaintiff's application for reissue, the board of patent appeals affirmed and the CCPA affirmed the decision of the board. Thereafter, the United States Supreme Court denied a petition for certiorari. After the CCPA had affirmed but before the petition for certiorari was denied, the plaintiff filed a continuation application for reissue proceedings with the patent office which was denied. On a defense motion for summary judgment which asserted the affirmative defense of collateral estoppel, the court held as follows:

> [14] The decision in Blonder-Tongue approves a plea of estoppel in patent cases where the party asserting the patent had enjoyed a full opportunity to present his side of the case. Blonder-Tongue concerned the effect of a judgment in one patent infringement suit on another infringement suit on the same patent. Where, as here, the litigation centered in the Court of Customs and Patent Appeals, and concerned whether a patent even exists, the logic of Blonder-Tongue is even more compelling. *Plaintiff cannot create a patent in this Court; he must first have one authorized by the Patent Office. Once the Court of Customs and Patent Appeals finally decides that he has no patent, this Court cannot entertain a claim of infringement.*
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> . . .
>
> *Plaintiff has long represented to this Court that we should have the benefit of the expertise of the Patent Office. Now that we have that benefit, plaintiff would have us ignore it because the expertise weighs against him. We decline to follow such an approach.*

194 U.S.P.Q. at 369-370. (Emphasis added). Accordingly, the court granted the defendants' motion. Similarly, in *W. F. Altenpohl, Inc. v. Gainesville Machine Co., Inc.*, 185 U.S.P.Q. 500 (N.D. Ga. 1974), the plaintiff, Altenpohl, filed an action for infringement of its patent against the defendant, Gainesville. After the action was filed, the plaintiff filed an application for reissue proceedings with the patent office. The patent office rejected the plaintiff's application for reissue, the board of patent appeals affirmed and the plaintiff filed an appeal with the CCPA. While that appeal was pending the court ruled on the defendants' motion for summary judgment and for an award of attorneys' fees and the plaintiff's motion to stay proceedings pending disposition of the appeal. The court held as follows:

> *It appears to the court that at present plaintiff does not have a valid patent claim about which to allege infringement.* As matters now stand the Patent Office has ruled that Claims 12, 14, and 16 were fully anticipated by the 265 patent and it is these claims which plaintiff says have been infringed. *The court thus concludes that summary judgment in the nature of a dismissal should be granted; however, the dismissal is stayed until December 1, 1974. If before that date plaintiff is able to obtain a patent on which to base an infringement suit, then plaintiff can at that point move the court to continue the case.*
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> . . .
>
> If plaintiff succeeds before the Court of Customs and Patent Appeals then there will be a full scale law suit to try. If so, the attorneys' fees questioned [sic] could be readily handled. *If plaintiff loses its case before the Court of Customs and Patent Appeals, then the attorneys' fees question will be all that is at issue.* It is the court's view that it should not reach

> the question until it is determined whether there will be a law suit.

[15] 185 U.S.P.Q. at 500-501. (Emphasis added). The court finds these decisions dispositive of the question presented in this case. Accordingly, the court holds that Morgan is collaterally estopped from litigating the validity of the '645 patent.

The court so holds notwithstanding Morgan's contention that it was denied a full and fair opportunity to litigate validity because such a contention is utterly without merit. During the five (5) years that Morgan was before the patent office, the board of patent appeals and the CCPA, it filed numerous briefs and reply briefs, presented affidavits of experts, used deposition testimony taken during discovery in this case and orally argued validity twice. Indeed, when it was before the CCPA Morgan presented a movie and distributed samples of its product. In *Kaiser Industries Corp. v. Jones & Loughlin Steel Corp., supra,* the Court of Appeals for the Third Circuit construed the decision of the United States Supreme Court in *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation, supra,* and held:

> *The guidelines suggested for reaching a result permitting relitigation are replete with qualifying words making a patentee's burden onerous. In effect, a patentee must persuade a second trial court "that the prior proceedings were seriously defective."*

(Footnote omitted). (Emphasis added). The court holds that Morgan has failed to meet its burden of showing "that the prior proceedings were seriously defective."[16]

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16. The court is also not persuaded by Morgan's claim that "[i]t is a denial of due process to trap a litigant by chang-

(Continued on following page)

Accordingly, the defendant's motion for summary judgment is granted. *See*: *Smith v. Hudson*, 600 F.2d 60 (6th Cir.), *cert. denied*, 444 U.S. 986, 100 S. Ct. 495 (1979).

IT IS SO ORDERED.

/s/ JOHN M. MANOS
United States District Judge

ORDER

Pursuant to the Memorandum of Opinion issued in the above-captioned case this date, the defendant's motion motion for summary judgment is granted.

IT IS SO ORDERED.

/s/ JOHN M. MANOS
United States District Judge

Footnote continued—

ing the rules after he has embarked upon an established course." Brief of Morgan Adhesives Company on Issue of Res Judicata and Collateral Estoppel, p. 10. Since a "court is to apply the law in effect at the time it renders its decision, unless doing so would result in manifest injustice or there is no statutory direction or legislative history to the contrary," *Bradley v. School Board of City of Richmond*, 416 U.S. 696, 711, 94 S. Ct. 2006, 2016 (1975); *Harper-Grace Hospitals v. Schweiker*, 691 F.2d 808, 811 (6th Cir. 1982), and the court finds that Morgan had and utilized a full and fair opportunity to litigate the validity of the '645 patent, its claim of due process is without merit.

JUDGMENT ENTRY OF THE COURT OF APPEALS FOR THE FEDERAL CIRCUIT

(Dated February 7, 1985)

No. 83-1258
83-1196

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

MORGAN ADHESIVES COMPANY,
Appellant,
v.
CHEMTROL ADHESIVES, INC.,
Appellee.

JUDGMENT

ON APPEAL from the U.S. District Court for the Northern District of Ohio (East. Div).

This CAUSE having been heard and considered, it is ORDERED and ADJUDGED: AFFIRMED.

ENTERED BY ORDER
OF THE COURT

GEORGE E. HUTCHINSON, *Clerk*

/s/ DOROTHY I. MYERS
Chief Deputy Clerk

Petition for Rehearing,
Denied, March 8, 1985

ORDER OF THE COURT OF APPEALS FOR THE FEDERAL CIRCUIT DENYING PETITION FOR REHEARING

(Dated March 8, 1985)

No. 83-1258, 83-1196

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

MORGAN ADHESIVES COMPANY,
Appellant,

v.

CHEMTROL ADHESIVES, INC.,
Appellee.

ORDER

A petition for rehearing having been filed in this case,

UPON CONSIDERATION THEREOF, it is Ordered by the court that the petition for rehearing be, and the same is hereby, Denied.

FOR THE COURT:

/s/ GEORGE E. HUTCHINSON
Clerk

1414.02 Reissue Oath or Declaration under § 1.175(a)(4) [R-1]

Subsection 1.175(a)(4) recognizes that reissues may be filed to have the patentability of the original patent, without changes therein, considered in view of prior art or other information relevant to patentability which was not previously considered by the Office.

37 CFR 1.175 (a)(4) has been held to be within the rulemaking power of the Commissioner in *Sheller Globe Co. v. Mobay Chemical Corp.* Civil Action No. 78-70563, (E. D. Mich., Southern Div., 1980) BNA/PTCJ 468: A-8, 9.

Subsection (a)(4) does not contemplate, or permit, the filing of a reissue application without an oath or declaration. To the contrary, an oath or declaration is required, and such oath or declaration must comply with each of subsections (a)(4), (a)(5) and (a)(6) of § 1.175: Potter v. Dann, 201 USPQ 574, 575 (D.C. D.C. 1978).

The reissue oath or declaration of the § 1.175 (a)(4) type must

(1) state that "the applicant is aware of prior art or other information relevant to patentability, not previously considered by the Office, which might cause the examiner to deem the original patent wholly or partly inoperative or invalid",

(2) particularly specify "such prior art or other information"; and,

(3) request "that if the examiner so deems, applicant be permitted to amend the patent and be granted a reissue" (see § 1401.08(b)). In addition a § 1.175(a)(4) type re-

issue oath or declaration must comply with subsections (a)(5) and (a)(6) of § 1.175 (§§ 1401.08(c) and (d)).

However, no reissue application will be passed for issue with only a § 1.175(a)(4) type oath or declaration. Applications filed under § 1.175(a)(4) *cannot* be passed for issue *without* amendment, but will be rejected as lacking statutory basis for a reissue, if there are no other grounds of rejection, since 35 U.S.C. 251 does not authorize reissue of a patent unless the patent is deemed wholly or partly inoperative or invalid. However, the record of prosecution of the reissue will indicate that the prior art has been considered by the examiner. If a reissue filed under subsection 1.175(a)(4) is amended, even though in response to a rejection, the reissue is thereby converted into an application under subsection 1.175(a)(1), and appropriate subsections 1.175(a)(2) and/or (a)(3), and a new reissue oath or declaration must be filed containing the appropriate averments.

The new reissue oath or declaration must comply with subsections (a)(1) and (a)(2)/(a)(3), (a)(5), and (a)(6) of § 1.175, relating to actual errors rather than possible or "what might be deemed to be errors." If such a proper new oath or declaration is not filed, a rejection will be made on the basis that the reissue oath or declaration is insufficient. The supplemental oath or declaration insures compliance with 35 U.S.C. 251 by providing appropriate averments relating to actual errors rather than possible errors.

Thus, a patentee may file a reissue if he or she believes his or her patent is valid over prior art not previously considered by the Office but would like to have a reexamination. The procedure may be used at any time during the life of a patent. During litigation, a federal

court may, if it chooses, stay court proceedings to permit new art to be considered by the Office.

1414.02(a) Information Considered under § 1.175(a)(4) [R-1]

The types of information contemplated under subsection 1.175(a)(4) include any information, not previously considered by the Office, which might cause the examiner to deem the original patent wholly or partly inoperative or invalid. While prior art documents such as patents and publications are most often the kinds of information which are the subject of § 1.175(a)(4) type reissues, subsection 1.175(a)(4) is not limited to prior art documents. Any information "which might cause the examiner to deem the original patent wholly or partly inoperative or invalid" may be the subject of an (a)(4) type reissue. For example, such information which might demonstrate that:

(1) the patented subject matter was publicly known or used by others in this country before the invention thereof by applicant;

(2) the patented subject matter was in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States;

(3) the patentee had abandoned the invention or did not himself invent the subject matter patented;

(4) before patentee's invention thereof the invention was made in this country by another who had not abandoned, suppressed, or concealed it;

(5) the disclosure in the patent is insufficient in some respect under 35 U.S.C. 112;

(6) the patent otherwise lacks compliance with any of the statutory requirements for patentability;

(7) "fraud" or "violation of the duty of disclosure" is present.

The information may be in different forms, such as patents or publications. However, the information may also be based on other forms of evidentiary material including, for example, litigation related materials such as complaints, answers, depositions, answers to interrogatories, exhibits, transcripts of hearings or trials, court orders and opinions, stipulations of the parties, etc. Of course, the reissue applicant does not have to, and presumably does not, agree that the errors exist. Applicant does not have to express a personal belief as to the relevancy of the information; it is sufficient that its relevancy has been or might be asserted by someone else such as, for example, an adverse party in litigation. However, the reissue applicant must particularly specify "what might be deemed to be errors relied upon", in the reissue oath or declaration of the § 1.175(a)(4).

MOTION OF PLAINTIFF MORGAN ADHESIVES COMPANY TO STAY PROCEEDINGS

(Filed September 20, 1977)

CIVIL ACTION NO. C-76-101

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

MORGAN ADHESIVES COMPANY,
Plaintiff,

vs.

CHEMTROL ADHESIVES, INC.
a Delaware Corporation,

C/O HAROLD ROBINSON, President
and Statutory Agent,
Defendant.

Plaintiff, Morgan Adhesives Company (Morgan), respectfully moves this Court for a stay of proceedings in this case during the pendency of a reissue patent application filed with the United States Patent & Trademark Office (USPTO) respecting U.S. Letters Patent No. 3,900,645.

In its COMPLAINT, Morgan charges defendant, Chemtrol Adhesives, Inc. (Chemtrol), with infringement of the claims of Patent No. 3,900,645. Chemtrol's ANSWER AND COUNTERCLAIM, and particularly Exhibits A and B thereof, alleges the patent to be "invalid and void" on the basis of prior art not considered by the USPTO during the patent's prosecution. In considering Patent No. 3,900,645, Chemtrol's BRIEF IN SUPPORT OF DEFENDANT'S MOTION FOR SUMMARY JUDGMENT raises the same prior art presented in Exhibits A and B of its ANSWER AND COUNTERCLAIM as a basis for its request for summary judgment. It is this prior art, to wit: U.S. Patent No. 3,230,649, to Karn; U.S. Patent No. 2,319,272, to Starr; U.S. Patent No. 2,434,545, to Brady; and U.S. Patent No. 2,681,732, to Brady, which Morgan has specifically requested the USPTO to consider during the prosecution of [2] the referenced reissue patent application, forwarded to the USPTO on September 16, 1977.

The MOTION herein is brought for the purpose of availing the Court of the expertise of the USPTO for its consideration of the prior art deemed by Chemtrol to be determinative of the issue of validity of U.S. Patent No. 3,900,645.

Morgan attaches hereto its BRIEF in support of this MOTION.

Respectfully submitted,

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MORGAN'S AMENDED REISSUE APPLICATION

(Dated January 9, 1979)

TO: Commissioner of Patents and Trademarks
Washington, D. C. 20231

RESPONSE TO PATENT OFFICE ACTION

AMENDMENT

Sir:

In response to the Patent Office action mailed October 11, 1978, kindly enter the following amendments:

IN THE SPECIFICATION:

Page 5, line 25, after the period, add —As shown in Fig. 6, the lines 18 of the processed sheet 12 are compacted to a reduced thickness which may, for example, be less than one-half of the thickness of the sheet 12 proper.—

IN THE CLAIMS:

Kindly amend claims 1 and 4 as set forth below:

Claim 1. (amended) A flexible laminate for use as a label, decal or the like, comprising

a face sheet,

a layer of pressure sensitive adhesive secured to the back surface of said face sheet, and

a fiber paper backing layer removably secured to said adhesive layer and having a reduced thickness potential tear line formed in such material, the fibers of the paper backing **[2]** layer being appreciably compacted at the potential tear line, the paper having a release coating

on [its] *an* inner surface [which engages] engaging the adhesive layer.

Claim 4. (amended) A laminate as in Claim 3 where the compaction of said paper layer is from [its] *an* outer surface *opposite said inner surface* to provide a recess at said potential tear line on the outer surface of said paper layer.

REMARKS

FORMAL MATTERS ATTENDED

(Initial Paragraph and Paragraph 2 of Patent Office Action)

The application has been carefully reviewed in light of the complete Patent Office action. An amendment has been made to page 5 of the specification to cause the same to be consistent with the drawing and claims in the application. With the amendment finding antecedent basis in at least Figs. 6 and 7 of the drawing, it is trusted that the Examiner will enter such amendment in due course. Similarly, it is trusted that the Examiner will enter the amendments to claims 1 and 4 which provide for a structural relationship between the "inner" and "outer" surfaces of the fiber paper backing layer. These amendments have been made to correct the shortcomings of claims 1 and 4 as noted in paragraph 2 of the Office action, such that the referenced surfaces bear a relationship to each other and to the laminate as a whole.

The cited references have again been carefully reviewed in light of the complete Patent Office action. Such a review reinforces applicant's contention that the invention claimed in the subject reissue application is noteworthy in the [3] art, having met with outstanding commercial success, and that the claimed invention is

neither anticipated nor rendered obvious by any of the known prior art. The application, as now presented, is believed to be in proper condition for allowance for at least certain of the reasons presented hereinbelow.

Note: The remaining portion of this document has been deleted as it is irrelevant to this appeal.

MORGAN'S AMENDMENTS TO REISSUE APPLICATION

(Dated October 11, 1979)

AMENDMENT

Sir:

In response to the final rejection dated July 13, 1979, kindly enter the following amendments:

IN THE SPECIFICATION: Page 5, line 25, delete the amendatory matter provided in the response of January 10, 1979, "As shown in Fig. 6, the lines 18 of the processed sheet 12 are compacted to a reduced thickness which may, for example, be less than one-half of the thickness of the sheet 12 proper," and substitute therefor—As shown in Fig. 6, the paper backing layer may be less than one-half of its uncompacted thickness at the potential tear line 18.—

IN THE CLAIMS: Kindly amend claims 1 and 4 as set forth below:

Claim 1. (twice amended) A flexible laminate for use as a label, decal or the like, comprising:

a face sheet,

a layer of pressure sensitive adhesive secured to the back surface of said face sheet, and

a fiber paper backing layer removably secured to said adhesive layer and having a reduced thickness potential tear line formed in such material, the fibers of the paper backing layer being appreciably compacted at the potential tear line, the paper having a release coating on its [an] inner surface *which engages* [engaging] the adhesive layer.

[2] CLAIM 4. (twice amended) A laminate as in Claim 3 where the compaction of said paper layer is from *its* [an] outer surface [opposite said inner surface] to provide a recess at said potential tear line on the outer surface of said paper layer.

REMARKS

The application has been carefully reconsidered in light of the various Office actions. It is respectfully presented that the application, as now presented, is in proper condition for allowance for at least certain of the claims presented hereinbelow.

ATTENTION TO MATTERS OF FORM

The specification has been amended to conform to the helpful suggestion of the Examiner as set forth in the Office action dated March 2, 1979. Particularly, line 25 of Page 2 has been amended to include the acceptable language of Claim 3 with respect to the nature of the potential tear line 18.

Claims 1 and 4 have been amended to conform to the language of those claims as originally filed. Claim 1 clearly defines the inner surface of the paper as being that surface having a release coating thereon which engages the adhesive layer. It is a simple matter for one to follow the recitations of Claim 1 and to construct the article defined thereby, for the language of the claim is clear as to the elements comprising the article and their interrelationships with each other.

Claim 4 recites the existence of the paper layer's outer surface. The inner surface of the paper layer is clearly defined in Claim 1 and, since the paper has but two sides, it is inherent that the outer surface must be that opposite

the inner surface. [3] Further, by following the structure of Claim 1 it is apparent that the inner surface is that surface which is unexposed, engaging the adhesive layer, and the outer surface must then be one which is exposed. Accordingly, it is presented that the claims particularly point out and distinctly claim the subject matter of the invention as required by 35 USC 112.

Note: The remaining portion of this document has been deleted as it is irrelevant to this appeal.

APPELLANT'S PETITION FOR REHEARING SUPPLEMENTAL SUBMISSION IN THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

(Dated March 8, 1985)

Appeal Nos. 83-1258 and 83-1196

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

MORGAN ADHESIVES COMPANY,
Appellant,

vs.

CHEMTROL ADHESIVES, INC.,
Appellee.

APPEAL FROM JUDGMENT OF JUDGE JOHN M. MANOS IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF OHIO, EASTERN DIVISION

PETITION OF MORGAN ADHESIVES COMPANY FOR REHEARING UNDER CAFC RULE 19 SUPPLEMENTAL SUBMISSION

Appellant submits the further argument set forth hereinbelow to supplement its Petition for Rehearing of the Decision rendered by the Court on February 7, 1985.

1. The Appellant Morgan Adhesives Company has not been granted due process of the law by having

the opportunity to prove that the invention of the Morgan Patent 3,900,645 has enjoyed outstanding commercial success and should therefore have been entitled to an evaluation on patentability in accordance with the line of CAFC decisions represented by *Stratoflex, Inc., the Aero Equipment Corp.*, 218 USPQ 871, which was decided July 25, 1983 by the Court of Appeals for the Federal Circuit.

Additional law that commercial success is now a significant consideration on obviousness is *Simmons Fastener vs. Illinois Tool Works*, 222 USPQ 744, (CAFC - 1984).

At the time of the progress of the reissue application through the Patent Office the impact of commercial success on patentability was quite uncertain, and, in fact, the office would probably not have considered any evidence in that regard. The clarification of the impact of commercial success on obviousness has occurred through the CAFC during the pendency of this case and that has denied Appellant to due process.

This invention is now being copied by nearly every competitor in the trade, these comprising about nine or ten pressure sensitive adhesive manufacturers, including Fasson, a Division of Avery International. It comprises a significant advancement in the pressure sensitive industry, and represents millions of dollars in product sales.

Appellant has been denied due process by not having the opportunity to present live testimony regarding this commercial success, and respectfully urges this Court to remand to the District Court so that live testimony and other factual evidence on the tremendous commercial

success of this invention can be presented and considered with regard to the question of obviousness.

Remand is respectfully requested.

Respectfully submitted,

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Date: March 8, 1985